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Viewing cable 08SOFIA631, EUROPEAN COMMISSION PONDERS NEXT STEPS ON BULGARIA

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- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
08SOFIA631	2008-09-25 13:38	2011-08-30 01:44	CONFIDENTIAL	Embassy Sofia

Appears in these articles:

<http://www.bivol.bg/wlvelchev.html>

http://www.capital.bg/politika_i_ikonomika/bulgaria/2011/05/13/1089147_na_chetiri_ochi_s_boris_velchev/

VZCZCXRO1480
OO RUEHAG RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHSF #0631/01 2691338
ZNY CCCCC ZZH
O 251338Z SEP 08
FM AMEMBASSY SOFIA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5414
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000631

SIPDIS

DEPARTMENT ALSO FOR INL

E.O. 12958: DECL: 09/22/2018

TAGS: [ECON](#) [PREL](#) [BU](#)

SUBJECT: EUROPEAN COMMISSION PONDERS NEXT STEPS ON BULGARIA

REF: A. SOFIA 499
[B. SOFIA 573](#)

¶1. (C) Summary: The European Commission is concerned Bulgaria won't be able to show sufficient progress on organized crime and corruption in the upcoming February and July monitoring reports and is considering next steps. Report drafters fear member states ultimately will not approve safeguard clauses against a fellow member state and they expect a fight from Sofia when the Commission attempts to extend the monitoring mechanism past its December 2009 end date. Meanwhile, the European Anti-Fraud Office (OLAF) is keeping a hard line on Bulgaria, urging it to go after one or two well-connected organized crime figures. OLAF is in Bulgaria for the long-haul and will do "whatever it takes" to help the few reformers here "get it right." End Summary.

COMMISSION SCRATCHING HEAD...

¶2. (C) Representatives from the Directorate General for Justice Liberty and Security (JLS) and the Commission's Secretariat General told us September 16 there is growing exasperation with Bulgarian inability to make progress on high level corruption and organized crime. The Commission representatives responsible for drafting the harsh July 23 report (ref A) expressed bitterness that the Bulgarians seemed to put more effort into getting the report watered down than addressing the criticisms in the report itself. The Bulgarian lobbying effort -- coming in the weeks leading up to the report's release -- focused on delinking the monitoring mechanism with any other EU-Bulgaria relationship.

Specifically, the Bulgarians managed to remove wording suggesting Bulgaria's inability to fight organized crime and corruption would negatively impact the country's ability to join Schengen and ERM-II. The Bulgarians are also trying to prevent the Commission from extending the monitoring period, originally scheduled to end in December 2009.

¶3. (C) The Commission is impressed with the 80 point plan recently issued by EU Affairs Minister Gergana Grancharova to address the issues raised in the July report. For the first time, our Brussels-based contacts noted, the Bulgarians have attached timelines to their intended reforms. Unfortunately, in the Commission's (and our) opinion, the Bulgarians have set themselves up for failure by trying to achieve so many reforms -- both small and large -- by the end of December. Instead, the Commission has been stressing the need to achieve a few, large-scale indicators of success, such as the conclusion of one high-profile organized crime/corruption case. The Commission is pondering its next steps on Bulgaria. Bulgaria-watchers are gearing up for an interim monitoring report, to be released in February. They hope to cite progress, since a negative review will put the Commission in uncharted territory -- the need to use safeguard clauses against one of their own. At a minimum, the report drafters are likely to push for an official extension of the monitoring mechanism after next summer's report, something that will be fiercely fought by Sofia.

....WHILE OLAF KEEPS UP THE PRESSURE

¶4. (C) The European Anti-Fraud Office (OLAF) is determined to maintain its hard line on Bulgaria. According to Thierry Cretin, OLAF Director of Investigations and Operations, OLAF is committed to long-term engagement with Sofia. "We will not back down," he said, because OLAF head Wolfgang Hetzer has decided to make an example of Bulgaria and has dedicated significant resources to "getting it right." According to Cretin, Bulgaria has to do two things to answer OLAF's concerns: 1) recover EU money improperly taken or spent in the various fraud schemes, and 2) prosecute, and, if possible, convict, those responsible for criminal acts associated with the misuse of EU funds. OLAF is aiming high. Cretin said most of his organization's investigations eventually lead to one man - Vasil Bozhkov, aka "the skull," -- an extremely wealthy and influential businessman with known OC ties and links to many high-level politicians. "If

Bulgaria brings down Bozhkov, that would be progress," said Cretin.

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¶5. (C) The Bulgarians are going to have a tough time showing such progress, specifically due to the close connections between politicians and organized crime. The weak judicial system only serves to hide political connections to the large fraud schemes. Cretin has serious doubts about the ability of Prosecutor General Boris Velchev to get the job done. Velchev can only be judged by results, and so far he has little to show for his efforts. Cretin said the judicial system is designed to avoid responsibility -- it allows prosecutors to dismantle cases into tiny pieces to hide the inevitable links between cases and it encourages a "formalized approach" to the law which is "used only by those wishing to escape responsibility." Cretin further criticized Velchev for naming an "extremely unhelpful" Prosecutor in Sofia as OLAF liaison. The prosecutor, Stefka Krastanova, is so uncooperative that Cretin's subordinates refer to her as "the snake."

COMMENT

¶6. (C) Without question the Commission's monitoring mechanism has been the most important propeller of reform in Bulgaria since accession. We sense, on one hand, continued frustration on the Commission's part about Bulgaria's lack of progress. Our contacts feel strongly that the EU must maintain its hard line. The report drafters noted the overwhelming support given them by other member states during the drafting of the July report. At the same time, OLAF aside, we sense a growing case of "Bulgaria fatigue" in the Commission. The report drafters were clearly disheartened that Bulgaria's lobbyists managed to water down their report in July and they worry that member states ultimately will not be willing to take the most drastic steps, including safeguard clauses, against a fellow member-state next year.

McEldowney